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The Case for U.S. Farm Exports

Philippines Grain Shortfall

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In this issue:

2 The Case for U.S. Farm Exports
4 Foreign Cotton Use Rises Despite Manmade Fiber Competition By Dewey L. Pritchard
7 China Reports Good Early Harvest By Frederick W. Crook and Marion R. Larsen
8 Philippines Threatened by Serious Shortage of Rice By John T. Hopkins
9 Philippines Grain Shortfall Pushes U.S. Exports to $100 Million, Efforts Expand To Up Output
11 Pact With China Gives Mexico New Market for Farm Products By John E. Link
12 India's 1972-73 Cotton Crop Slashed by Last Year's Drought, Quality Expected To Be Poor
13 Crops and Markets

This week's cover:

Cotton being picked in the Rio Grande District of Mexico's Chihuahua State. About 180,000 bales of cotton will be exported to the People's Republic of China under terms of Mexico's trade agreement with China. See story beginning on page 11.

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Secretary of Agriculture Earl Butz says, "We are in the farm export business for keeps." Speaking before the recent U.S. Agricultural Attache Conference in Washington, he sets forth

The Case for U.S. Farm Exports

NEVER BEFORE has agricultural trade been so essential to the health of our farm economy. Never before has it been so consistent with the desires of our consumers. Never before has it been so important to the economy. Never before has it been so badly needed in terms of our balance of payments and worldwide stability of the dollar. Never before has it been so crucial to the construction of meaningful world peace.

We are in the farm export business for keeps. We are dead serious about this commitment for agriculture and for the Nation. It is the policy under which we have been operating. It is the premise under which we shall plan for the future.

Farm exports benefit farmers. The more we export, the more our farmers can produce. Since we have the farm capacity to produce far in excess of domestic demand, exports are the only possible way to fully utilize our farm resources.

In a society in which consumers will not stand for high food prices, farm income can improve only with increasing volume and added efficiency.

Farmers are happier and do a better job when they are producing. Their productivity climbs, their efficiency increases, and their income can improve accordingly. Farmers deserve a decent living, and they must have a decent living or they will not continue to farm. Larger markets, through exports, will make the decent living possible in the years ahead.

Farm exports benefit consumers. This economic fact is not clearly understood. In fact, it is widely misunderstood.

The consumer's first concern is an adequate supply of good food. This is the concern of every American.

There is only one effective way to get the food consumers want. That is for farmers to be able to make money producing food.

There are two ways for farmers to make a profit. The first is to plan low production (which yields low efficiency). Then high prices are necessary to cover farmers' per unit costs and to provide some profit. Since neither low production (which may mean scarcity) nor high prices are acceptable to consumers, this alternative is not really a viable one.

Over the past 40 years, Government has tried to make this alternative work by creating artificial scarcity through costly schemes to hold land out of production and by compensating farmers on the side so they can afford to live with low volumes and moderate prices. It has not proven very satisfactory. It has caused surpluses, which have been burdensome and which people detest. It has plainly cost the Government a lot of tax money.

The second way for farmers to make a profit is to produce at their optimum efficiency—which for this Nation is at a high level of production. That increases farmers' total sales volume. It also reduces their cost per unit produced. Thus, farmers can still cover their costs and make an acceptable profit with a moderate level of prices. Therefore, consumers have available the food they desire at prices that are not objectionable.

OBVIOUSLY, this is the preferred alternative. Its success hinges upon a large volume—or producing at near capacity. Since we cannot consume that much farm production domestically, substantial exports are necessary. Thus, farm exports are in the best interests of consumers.

Farm exports are vital to the economy. Increased farm production, and the movement of that production through processing and the channels of trade, creates jobs throughout most of the economy. The benefits of such economic stimulation are evident.

Farm exports contribute substantially to our balance of payments and the international stability of our currency. Since we import many items—such as electronic equipment, some food items, and sizable energy supplies to name only a few—we must export to keep our

trade in balance. Otherwise, our currency loses value throughout the world, and our economy falters at home.

OUR EXCEPTIONALLY favorable balance of agricultural trade has contributed mightily to keeping the overall U.S. trade deficit no larger than it is. For fiscal 1973, we will have a positive balance of agricultural trade of about $5.6 billion. Our total trade deficit as a Nation will be between $3 billion and $3.6 billion for fiscal 1973. In other words, without our very favorable trade balance in agriculture, the country's overall trade deficit would have been three times as large as it is.

Continued sizable farm exports will strengthen the dollar in the international money markets and enable this Nation to continue to import those items which we want and which are vital to our well-being.

Farm exports are critical to world peace. Prosperity is mounting around the world. People everywhere want to live better. The first step is to eat better. Eating better usually means increasing consumption of meat, poultry, and dairy foods.

It takes grain and protein feeds to produce animal products in quantity. No other nation can produce that feed like we can. The productivity and efficiency of our farmers place us in a very superior position of economic advantage in feed production.

What does that have to do with peace? Peace is achieved through strengthening bonds with our allies and easing tensions with our adversaries. Trade in farm products is an important means of achieving both.

Japan and several European Community nations, for instance, have been longtime purchasers of U.S. feedgrains and soybeans especially. Large-scale trade in those commodities cements relationships with these important allies and thus complements our mutual efforts to work for a more peaceful world.

In the case of the Soviet Union and the People's Republic of China, substantial purchases of feed and feedgrains were vital to meeting the expanding food needs of their people—especially in light of severe crop shortfalls last year. Our ability to export wheat, soybeans, and feedgrains has paved the way for solid, historic progress toward detente with Moscow and toward rapprochement with Peking. Our unexcelled farm productivity helped to end the Vietnam War.

This farm export explosion is no fluke. It is not political verbiage. It is not wishful thinking. It is hard, conclusive, long-term economic reality.

Exports are an important part of our planning for legislation, farm programs, and the overall thrust of the Department. For instance, the production increases which we anticipate in 1973—and which appear even more probable now after the July 1 Crop Report—did not just happen. We planned them for exports.

When we announced our 1973 commodity program plans—which sought increased production to meet export demand—we were roundly criticized.

IT NOW APPEARS that we were conservative in our estimates. Rapidly increasing demand has resulted in prospective carryout stocks of wheat, feedgrains, and soybeans which will be on the low side of safe for 1973. Indeed, it is hard for me to see any chance of having any burdensome surpluses at carryout time in 1974 or 1975.

In retrospect, we did not anticipate, totally, the scope of the gigantic export demand which we have experienced the past year. It was impossible to anticipate the tremendous impact of that increased demand, coming as it did on top of the great increase in demand for food here at home.

We could not anticipate reaching such a degree of accord with the Socialists. Nor could we anticipate the volume of their trade. We could not anticipate the vagaries of the weather. We could not foresee international shortages of important protein sources—such as Peruvian fishmeal.

Looking ahead, a large portion of this exploding export market represents a phenomenon growing out of these facts: People in the Socialist countries want to live better, and they want to eat better.

It was, in fact, quite an historic occasion to see Soviet General Secretary Leonid I. Brezhnev sitting down in this city with the heads of this Nation's leading business corporations. He was talking trade—bluntly and persuasively and without pretense. He said himself that, if he had done that just a few years ago, his position would have been in jeopardy. Yet, in 1973, his actions carried the Soviet Politburo's blessing—in fact, it was their message he carried.

IT IS THE SAME MESSAGE which is being sounded worldwide. It spells expanding exports for American agriculture.

Many people have been understandably apprehensive because of the export controls placed on soybean, cottonseed, and other high protein products during the 60-day price freeze which has preceded Phase IV.

This was temporary. It will be lifted when the new crop begins to come in during September. As crop conditions appear now, there will be absolutely no reason to impose export controls on the 1973 crop.

This temporary snag which we are currently suffering is not because of any decrease in goods for export. Quite the contrary, we have increased production purposely to make possible increased exports. For instance, in 1972 we increased soybean production by 80 million bushels—and it all went into exports. The domestic utilization of beans and meal has been almost constant; our production increase went into export. Other commodities experience similar situations.

It is indeed unfortunate that it became necessary to impose these export controls. They certainly cloud the per-

spective, and they may have temporarily had a counterproductive effect on our efforts to increase supplies.

We must not allow these temporary controls to create uncertainty about our ability to produce. Without question, we have the capacity.

First of all, we have that great, fertile breadbasket out in our Midwest—with the climate, the know-how, the capitalization, and the farm management skill to go with it. Most of it is under cultivation this year. For the first time in several years, we actually have few additional acres to put back into production. We do have more available technology; it will be applied. Further research is going on at a rapid pace; it will continue.

Yields can and will be increased. We have the capability . . . we have the desire . . . we have the need. Officially, it is our policy to do so. This Nation is committed to and shall succeed in producing for a substantially growing export market.

U.K. Agrees To Eliminate Dollar-Area Quotas

The United States and the United Kingdom have reached a mutually acceptable solution to the problem of Britain's dollar area quotas. The quotas had been the subject of negotiations between the United States and the United Kingdom under the General Agreement on Tariffs and Trade (GATT) because they restricted U.S. exports to the U.K. market of cigars, fresh grapefruit, canned and frozen grapefruit segments, orange and grapefruit juices, and rum. The solution provides for:

- **Cigars.** The present quota (about $240,000) is to be substantially enlarged in each of the 1974 and 1975 quota (calendar) years and eliminated completely on January 1, 1976.
- **Fresh grapefruit.** The present quota (about $2.76 million) will be terminated on October 1, 1975.
- **Orange and grapefruit juices.** The present quota (about $720,000) will be terminated on October 1, 1975.
- **Canned and frozen grapefruit segments.** The quota (about $1,080,000) will be terminated on October 1, 1975.
- **Rum.** The present quota (about $216,000) is to be substantially enlarged in each of the 1975 and 1976 quota (calendar) years and eliminated completely on January 1, 1977.

Foreign Cotton Use Rises Despite Manmade Fiber Competition

By DEWEY L. PRITCHARD
Cotton Division
Foreign Agricultural Service

IN CONTRAST to declining U.S. consumption of raw cotton, aggregate cotton use by foreign mills has trended steadily upward during the past decade, sharpening demand for U.S. cotton abroad. Although the market has benefited from rising cotton textile production, competition from manmade fibers in foreign import markets has been intense and is likely to continue strong.

During the past 11 years, raw cotton consumption in foreign countries has advanced an average 2.6 percent a year —an average annual gain of 1.1 million bales—with usage declining slightly in 1962-63 (August-July), but rebounding to over 6 percent in the 1963-64 and 1964-65 seasons.

By comparison, U.S. cotton consumption has fallen an average of 1.1 percent annually since 1961-62, to a level estimated at 7.7 million bales this season. This decline is chiefly due to mounting use of manmade fibers and to rising textile imports.

Foreign cotton consumption has grown and is continuing to grow because of rising mill use in countries that produce their own cotton, in Communist countries that grow a high proportion of their requirements, and in developing countries of the Far East that import virtually all their cotton.

The group of countries where cotton requirements have grown the fastest are the non-Communist countries that both produce and export their own cotton, including Mexico, Brazil, Pakistan, Iran, Turkey, Egypt, the Sudan, and the Central American countries. Between 1961-62 and 1972-73, mill consumption in these nations climbed an average of 4.2 percent a year—averaging 0.3 million bales—as a result of booming domestic demand for textiles and expanded textile exports.

In most developing countries, textile production is one of the first industries to be established, providing numerous jobs for unskilled and semiskilled labor. Textile industries also fill burgeoning cotton cloth needs that would otherwise require imports. Textile exports provide an excellent source of needed foreign exchange.

For developing countries that produce cotton, an added incentive to textile manufacture is a ready supply of raw materials. Consequently, some non-Communist producing countries encourage exports of manufactured goods, rather than raw cotton, through subsidies, tax rebates, foreign exchange manipulation, or Government regulation. In these countries, cotton is the principal fiber used by textile industries.

Cotton use has also been above average in Communist countries, where consumption increased an average 4.1 percent—650,000 bales a year—between 1961 and 1972. In the USSR, the annual increase averaged 3.5 percent; in Eastern Europe, 1.8 percent; and in the People's Republic of China (PRC), 6 percent. As in the non-Communist net exporting countries, strengthened cotton consumption in Communist countries has come mainly from indigenous supplies.

Except for the current season—as a result of a shortfall in production in

COTTON CONSUMPTION IN FOREIGN COUNTRIES, AVERAGE ANNUAL CHANGE 1961-72 [1]

Country	Percent
All countries	2.6
Non-Communist	1.8
Net exporting	4.2
Net importing	.8
United Kingdom	−4.1
West Germany	−2.1
France	−1.7
Italy	− .1
Spain	.3
Portugal	4.3
Japan	.5
Hong Kong	3.2
Korea	8.4
Taiwan	9.4
Communist	4.1
Eastern Europe	1.8
USSR	3.5
People's Republic of China	6.0

[1] Season beginning August 1.

China—the net cotton trade balance between Communist and non-Communist countries has been generally stable, ranging between 1 million and 2 million bales annually in favor of non-Communist countries.

Cotton is the principal textile fiber used in Communist countries. In the USSR, per capita use of manmade fibers is about 30 percent that of cotton. But in East European countries, as a group, per capita consumption of manmade fibers exceeds that of cotton.

EXPANDING COTTON consumption in foreign non-Communist, net importing countries continues to be the principal reason for the strength and growth of world trade in cotton. Mill consumption during the 10-year period was nearly steady, increasing on the average by only 0.8 percent a year—225,000 bales.

Within the foreign non-Communist, net importing group, however, there were striking contrasts in consumption patterns. For example, in Western Europe, the rate of cotton consumption has declined even more sharply than in the United States, averaging 1.7 percent in the years 1961-72. In the United Kingdom, the decline averaged 4.1 percent; in West Germany, 2.1 percent; in France, 1.7 percent; and in Italy, 0.1 percent.

During the same period, cotton consumption increased in Portugal and since the mid-1960's has also risen in Spain. Both of these countries are heavy exporters of cotton textiles.

As in the United States, the decline in mill use of cotton in many West European countries is attributed largely to replacement of cotton by manmade fibers and to rising imports of textiles from lower wage countries.

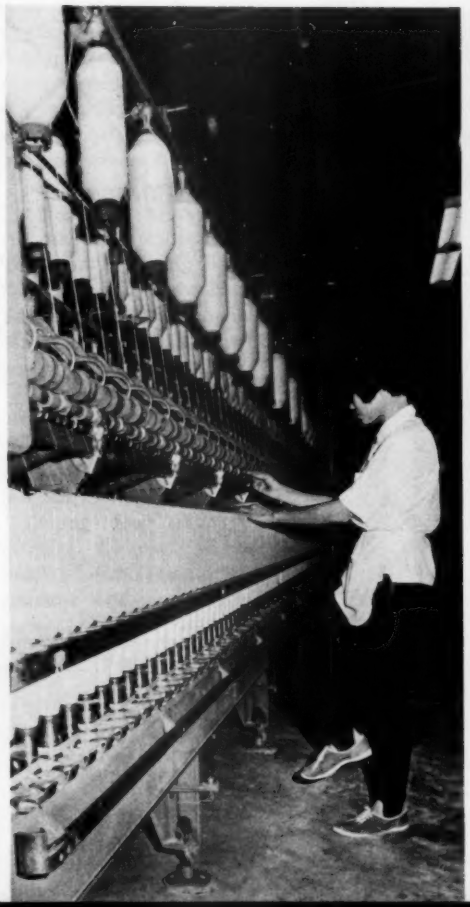
Some of the sharpest individual country increases in cotton use have occurred in developing Far Eastern countries, which import virtually all of their raw cotton. In Taiwan, the annual increase in mill consumption of cotton averaged 9.4 percent in the years 1961-72, and in Korea the rate of increase averaged 8.4 percent.

Rates of this magnitude also occurred in Hong Kong during the early 1960's, but the cotton industry there has been nearly stagnant in recent years. Manmade fibers have claimed a larger share of the fiber market and some cotton-spinning operations have been moved to other countries. Indonesia and Thailand are other Far Eastern countries that have shown substantial growth in cotton consumption.

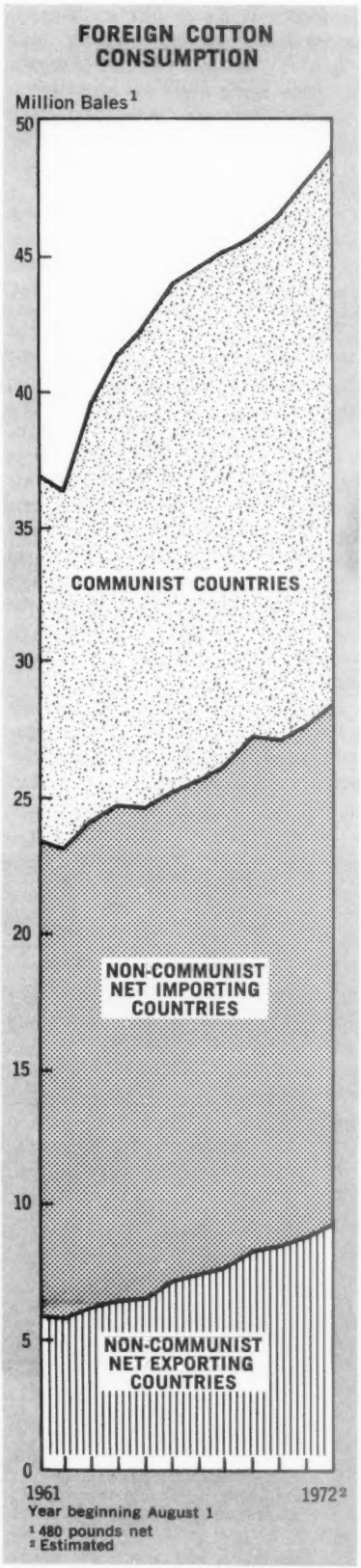
Japan's cotton consumption has fluctuated sharply during the past decade but has increased on the average by 0.5 percent. Competition from manmade fibers and imports of lower cost cotton textiles have hindered increased cotton use in Japan in recent years.

Statistics recently released by the Japanese Ministry of International Trade and Industry revealed that in January-March 1973, Japan's imports of cotton fabrics far exceeded exports, with imports rising 143 percent above the same period of 1972 and exports dropping about 10 percent. The same trend has developed in garments and other "made-up" goods. In 1973, Japan is expected to have a net import balance in its cotton textile trade. One of the largest imported items is denim cloth from the United States for making blue-jeans.

Higher domestic cotton requirements in foreign producing countries are especially significant in the long-term outlook for U.S. exports. In past years,



Cotton yarns are spun in mills in Singapore (left) and Korea (above) for textile production. Cotton consumption is soaring in many developing Far Eastern countries, which import virtually all of their raw cotton.



these countries have boosted cotton production at a faster rate than mill use, thus increasing the amount of cotton available for export in competition with U.S. cotton. In many of those countries and in the aggregate, a higher proportion of land resources is being required for food production, making expanded cotton production more difficult.

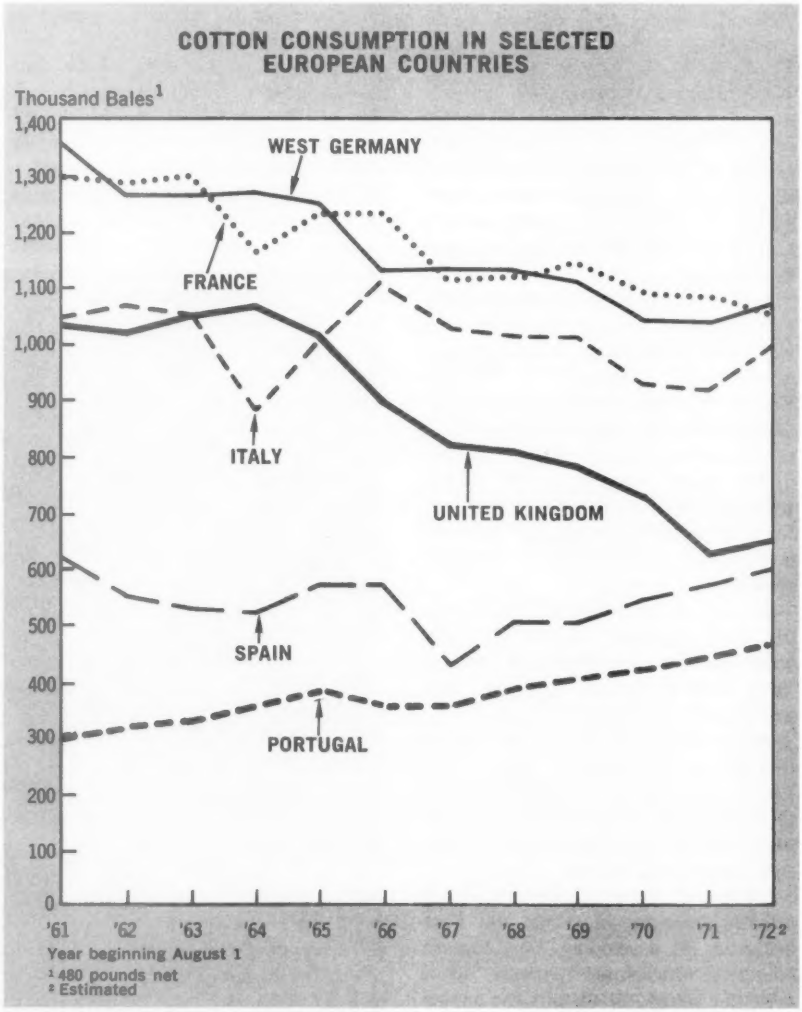
Also, these countries are faced with rising costs of labor and other inputs. Crops that compete with cotton for available land, such as soybeans, are becoming more attractive for export. Even with the current very high cotton prices, the amount of land devoted to cotton in 1973-74 will probably be little more than maintained.

Obviously, U.S. cotton exports will benefit from reduced exportable supplies in foreign countries, although the benefit is diluted when those countries increase their textile exports to developed countries like Japan and Western Europe, thus displacing raw cotton imports.

Even in the USSR, over the long term, increases in cotton consumption are likely to outpace increases in production, thereby reducing export availabilities. The PRC, with its meager cloth ration and rising population, almost certainly will remain an important raw cotton importer in the years ahead.

Although U.S. competition from foreign-grown cotton may lessen, competition from manmade fibers in foreign import markets is likely to intensify. While tight supplies and high prices of manmade fibers are currently favorably influencing cotton consumption abroad despite high cotton prices, this situation is likely to change as manmade-fiber production capacity advances. On the

Continued on page 16



China Reports Good Early Harvest

By FREDERICK W. CROOK
and
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A GOOD CROP of early grains has been harvested this spring in the People's Republic of China (PRC)—possibly equaling or surpassing last year's excellent early grain harvest—according to preliminary reports. Spring crops benefited from good weather conditions, increased acreage, improved agricultural technology, and better organization. Early harvested grains, which account for one-third of China's total grain harvest, include early rice, winter wheat, barley, and pulses.

This year's total grain production cannot yet be accurately estimated, since the late harvested grains are subject to the vagaries of weather for the next few months. As of mid-July, however, soil moisture conditions appear more favorable than last year, indicating the possibility of an overall good harvest.

Unfavorable weather last year decreased the late harvest, resulting in a 6- to 10-million-ton reduction in total grain production, according to official statements. Late grains include intermediate and late rice, spring wheat, potatoes (included in grain statistics on a grain equivalent basis of one-fourth of raw weight), and miscellaneous grains —barley, buckwheat, corn, millet, oats, and sorghum.

Chinese news sources, which report on both the general category of early harvested grains and on specific crops, usually do not provide quantitative data. As a result, reports received from Fukien, Hupeh, Kiangsu, Kwangsi, Shensi, and Yunnan Provinces claim a "good harvest" of early crops, but do not report specific quantities.

In general, spring came earlier than usual in China this year and farming activities were reportedly better organized and more efficiently carried out. Reports claimed that inputs increased and a higher percentage of improved seed was planted, compared with previous years.

Late spring and early summer rains in many grain producing districts alleviated the effects of the drought that began last year and has persisted in varying degrees in many areas of China. Actually, the heart of the drought zone has been the marginal rainfall region of northwest China, a minor agricultural producing area.

Sowing and transplanting of early rice was completed sooner this year than last because of the early spring and transplanting was accomplished efficiently, according to Provincial reports. Early rice, the most important early harvested grain crop, accounts for about half of early grain output.

News sources reported that early rice acreage expanded in Chekiang, Hunan, Hupeh, Kiangsi, and Kwangsi Provinces —all important producers. Preliminary reports from Hunan, Kwangsi, and Kwangtung Provinces, also major producers, suggest that a good harvest is being reaped in these areas.

Good to bumper harvests of winter wheat have been claimed by important northern Provinces—Anhwei, Hunan, Hopeh, Kiangsu, Shantung, and Shensi. These reports plus those from southern Provinces suggest winter wheat production this year could equal or surpass last year's record crop.

Although Provinces south of the Yangtse River historically are less important winter wheat producers, acreage has expanded during the past few years. Provinces of Fukien, Hupeh, Kwangsi, Kwangtung, and Yunnan reported in May and June that their production was greater than last year.

Despite unsettled weather last fall, area sown to winter wheat was reportedly larger than in 1971. Substantial areas in drier regions were irrigated last fall and again this spring.

During the autumn and winter months, Chinese farmers expended much effort building irrigation facilities, machine operated wells, ditches, and canals. The fact that bucket brigades were formed in Shantung Province to irrigate drought-stricken fields is indicative of the measures taken to support crop growth.

Late spring and early summer rains in major winter wheat areas south and east of the drought zone supplied adequate moisture for sustained crop development. This favorable condition, together with expanded acreage of winter wheat, is believed to have more than compensated for smaller output in the drier regions.

Slight acreage gains in barley and pulses—less important early harvested grain crops—probably occurred, owing to emphasis on these crops in communes (collective farms) in southern China. Larger output of these crops in and south of the Yangtse Valley probably resulted from increased acreage and favorable weather.

Expanded acreage of early crops has put new burdens on communes. Farm managers and commune members must now clear the land of early crops in order to begin cultivation of later ones. Changes in weather conditions could easily upset this tight time schedule. Cloudy, damp weather, which delayed the maturation of early rice in some areas this year, caused labor shortages since farmers were required to harvest and plant crops simultaneously.

Consequently, Chinese leaders are urging farm managers to utilize their scarce labor resources efficiently and are encouraging army personnel, cadres, factory workers, teachers, and students to augment the rural labor force.

Rice, transplanted in a southern Province.

Philippines Threatened By Serious Shortage of Rice

By JOHN T. HOPKINS
Assistant U.S. Agricultural Attaché
Manila

THE PHILIPPINES is currently facing a serious rice shortage—the result of two successive poor rice crops and an inability to purchase rice on depleted world markets. Stocks appear to be well below the amount that will be needed before the new crop becomes available in October. Ironically, the situation reverses the trend of 3 years ago, when the country seemed to have finally reached self-sufficiency in rice.

Several months ago, Philippine officials estimated that rice purchases of 600,000 tons in 1973 would be needed to keep supplies plentiful. Beginning stocks this year may have been higher than usual, however, suggesting that imports of 400,000 tons might be sufficient.

Recent attempts to purchase rice, however, have been blocked by scarcity on world markets, since traditional rice-exporting countries long ago committed most of their exportable supplies. Early in 1973, the Government reported that private traders had arranged for large purchases from Pakistan and Thailand to cover most of the shortage. It now appears that these purchases will not be made, as little rice is available in these countries for export.

Although about 40,000 tons from Japan is scheduled to arrive in the next month and some additional amounts may yet come from Taiwan, Thailand, Japan, the PRC, or elsewhere, the quantity available is likely to constitute only a small fraction of needs.

Measures to lessen the effect of the shortage on consumers have already been initiated by the Government. A press campaign to encourage Filipinos to conserve rice is in progress.

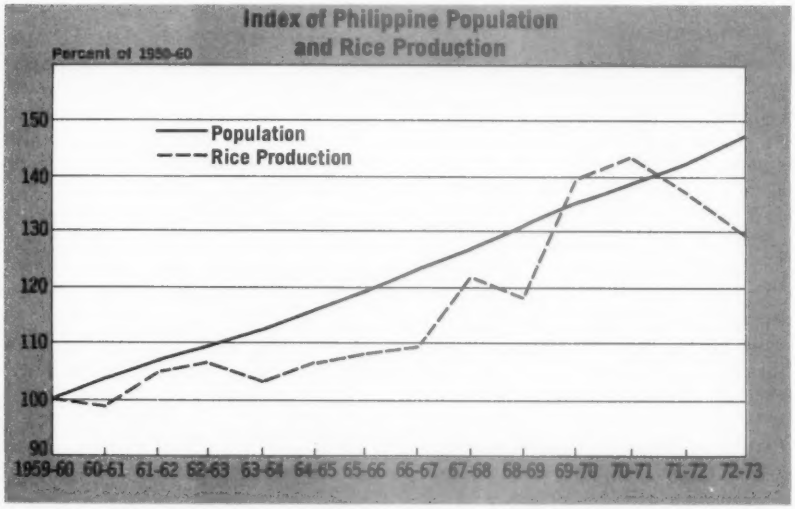
In an effort to substitute other foods for rice, the Government has either bought—or authorized private traders to buy—about 150,000 tons of corn from the United States and Thailand for arrival by August. These purchases will also help to alleviate the corn shortage that has existed for the last several months, a situation that adds to the rice problem since corn is a diet staple for about one out of every five Filipinos. Current prospects for a good corn crop in Mindanao also improve the outlook.

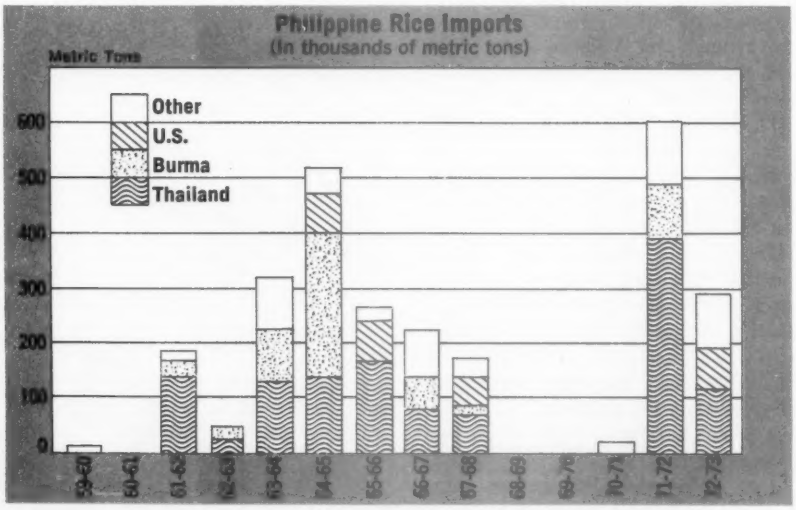
The Government has also boosted the price of flour, paving the way for sizable wheat imports during the next few months. The higher price of flour to consumers is not expected to significantly reduce demand because of the current scarcity of rice and corn.

In spite of these remedial actions, the rice shortage threatens to reach serious proportions by the months of July, August, and September. Despite ceilings, prices could soar to even higher levels and consumption may drop as Filipinos are forced to substitute such foods as bananas, root crops, coconuts, and corn—if available—for rice in their diets.

The Government will make use of its limited stocks of mainly imported rice to insure that the hardest hit areas have at least some lower priced rice. But unless additional rice can be purchased and delivered relatively soon, some markets are likely to be without rice in coming months.

Citing the political importance of an adequate rice supply, President Marcos on May 21 launched an intensive program called "Masagana 99"—meaning





abundance in Tagalog and 99 cavans per hectare (3,885 pounds of rough rice per acre). The goal is to more than double yields on certain irrigated and raingrown lands.

To encourage producers to expand crops, the Government raised price supports for rice by 9 percent. President Marcos authorized the Philippine Central Bank to allocate funds for production loans, as well as for price supports. A land reform program to eliminate tenancy on rice and corn lands is underway, although the program may take several years to complete.

During most of the 1960's, the Philippines was a substantial rice importer, averaging 156,000 metric tons per year, well above the average level of 65,000 tons imported during the 1950's. Throughout the 1960's, however, population growth advanced more than 3 percent per year, outpacing rice output gains of less than 2 percent annually.

These trends reversed in 1967-68. In the ensuing 4-year period, production increased faster than population and net imports totaled only 46,000 tons for the entire 4 years.

THE UPSURGE in production was mainly the result of high-yielding varieties developed at the International Rice Research Institute and the University of the Philippines, both at Los Baños. Introduced in 1966-67, the new varieties were widely used the following year. By 1970-71, they accounted for over 50 percent of 7.7 million acres planted to rice in the Philippines.

The most common high-yielding varieties now planted are IR 5, IR 20, CA 4, and BPI 76. Widespread use of these varieties rocketed production to a record volume in 3 of the 4 years, 1968-69 through 1970-71. The largest crop, 3.5 million tons (milled basis), was harvested in 1970-71.

Since 1970-71, area planted to high-yielding varieties has expanded more slowly, since most land suitable for this seed is already being cultivated. As the impact of the new varieties on the Philippines rice economy diminishes, rice crops have suffered a variety of other setbacks, culminating in the present shortage situation.

First, Central Luzon, which produces about 25 percent of the Philippines' rice crop, was seriously affected by tungro disease in the 1971-72 season. Production there dropped almost 30 percent from the previous year and total output fell 4.5 percent to 3.3 million tons.

In crop year 1972-73, the Central Luzon area was hit by widespread floods, reducing production in this area 3 percent below the poor output of 1971-72. Moreover, rainfall in Mindanao was far below normal, causing harvests in the area to yield 20 percent less than the previous year. Consequently, 1972-73 rice production fell to an estimated 3 million tons, 9 percent below the 1971-72 output and 13 percent below the 1970-71 record.

Reduced production, combined with continued population growth and an apparent rise in per capita consumption, resulted in a record level of rice imports in 1971-72. Eighteen months ago, exportable rice supplies were plentiful on world markets and prices were attractive to purchasers.

Of the 601,000 tons imported in 1971-72, almost 400,000 tons came from Thailand—a traditional supplier—at a cost of about $85 per ton with 10-year credit terms provided for 60 percent of the purchase amount. The Philippines also bought rice from Japan and Taiwan on long-term credits, and from Burma, Italy, and the PRC for less than $100 a ton.

In 1972-73, rice imports totaled nearly 300,000 tons: 48,000 tons under Title I of Public Law 480 and 25,000 tons under Title II from the United States; 120,000 tons from Thailand; 64,000 from Japan; 29,000 from the People's Republic of China; and 8,000 tons from Pakistan.

Although the rice situation for the next few months appears fairly bleak, long-term prospects are brighter. Production is expected to recover from the poor crops of the last 2 years, but will probably not expand as rapidly as during the 1967-68 to 1970-71 period. Rice yields remain low, averaging 1,410 pounds per acre (rough basis) over the last 3 years, significantly above the 1,110 pounds per acre average for the early 1960's, but still well below the potential of the high yielding varieties.

Further advances in production will require improved technology and substantial inputs of fertilizer, irrigation, and credit—all of which require more effort and financial outlay than the use of the new varieties in the late 1960's.

As a result, the Philippines is expected to continue importing rice for the next several years, although purchases probably will not reach previous record levels.

Philippine Grain Shortfall Pushes U.S. Exports to $100 Million, Efforts Expand To Up Output

FLOODS, DROUGHT, and civil disturbances lowered crop production in the Philippines in the last 12 months, causing U.S. agricultural exports there to soar over an unprecedented $100 million. Stepped-up U.S. exports of wheat, rice, and feedgrains accounted for most of the gain, which may level off in the next 12 months as the Philippine Government intensifies efforts to expand production.

The shortage of food and feed grains stems from disasterous floods that hit Central Luzon last summer, late and meager rains this year, and strife between Filipino Moslems and Christians that has hindered planting on the usually productive farmlands of Mindanao.

Although the most serious cereal shortage in the year ending June 30, 1973, is expected to be in rice, the corn crop was also well below normal. Drought in most of Mindanao and the Central islands since the beginning of the year reduced the harvest in these areas. Total output is estimated at 1.9 million tons—7 percent below last year's reduced crop—from an area of 5.7 million acres.

Because of the grain shortfall, the Philippines imported about 130,000 tons of corn in fiscal 1973, with 100,000 tons coming from the United States. This included 23,500 tons of U.S. corn initially purchased by Indonesia that was diverted to the Philippines to relieve the acute shortage in local markets. Recently, 80,000 tons of corn have been purchased from Thailand for cash, of which 30,000 tons arrived by June 30.

Although most corn is for food use, the reduced outturn has also been felt by feed millers, most of whom were forced to cut feed production by 20-25 percent this spring. In turn, the slump in mixed feed production caused the

Panoramic view of the famous Ifugao rice terraces in the mountains of Luzon—among the best built and most extensive in the world.

swine and poultry industries to cut back.

To alleviate the threat of animal feed shortages, President Marcos directed that a domestic consumption quota, initially 1,700 tons a month, be set for copra cake and meal for feed purposes. For further relief, the Government banned exports of all grain and grain products, an action that directly affects only wheat bran. In 1972, $1.4 million worth of wheat bran and pollard was exported to Japan.

With normal weather, corn production during fiscal 1974 should increase to about 2.1 million tons, 13 percent above this year. Current reports indicate an excellent crop in Mindanao to be harvested in July. Prospective production is still far below forecast consumption requirements, however, and sizable imports of about 150,000 tons could be required; with some 100,000 tons supplied by the United States.

As a result of increased world prices for wheat and a domestic price ceiling on flour sales, Filipino flour millers limited wheat imports in fiscal 1973. Faced with the prospect of running out of flour in mid-May, the Philippine Government raised the ceiling price on hard flour on April 1, and millers resumed buying their normal requirements. Nevertheless, fiscal 1973 wheat and flour imports totaled only about 640,000 tons wheat equivalent—7 percent below the previous year. This amount included about 430,000 tons from the United States, all under Commodity Credit Corporation credit, and 177,000 tons under a 3-year Canadian credit.

Following the relaxing of producer and retail ceiling prices, flour millers made two major purchases of U.S. wheat, totaling 170,000 tons, under Commodity Credit Corporation credits for April-June delivery. Late in May, 166,000 tons were purchased under the 40-year, $20-million AID Commodity Loan Agreement, reserved entirely for wheat purchases.

Demand for wheat and flour is expected to continue strong in spite of higher prices. Wheat consumption is estimated at 645,000 tons in fiscal 1973 and should be up by 5 percent in fiscal 1974. Imports in fiscal 1974 could exceed last year by some 5 percent, for a total of 670,000 tons. About 75 percent of this total—or about 500,000 tons—is likely to be supplied by the United States.

An important factor in determining the success of efforts to increase grain output will be the effectiveness of President Marcos' program for land reform. Immediately after declaring martial law on September 21, 1972, he announced a land reform program for the entire country, aimed at making all tenant farmers landowners.

THE NEW DECREE, however, pertains only to rice and corn lands, which constitute about 63 percent of the Nation's cropland. Until recently, much of Philippine agriculture has been characterized by small units of subsistence-type farmers and a high proportion of tenancy. According to the 1970 census of agriculture, the Philippines has about 2.2 million farms, averaging 8.9 acres in size. Although a land reform program has been under way since 1964, little progress has been made under it.

The land reform decree stipulates that all tenant farmers are to become owners of a "family-sized farm," described as 12.3 acres of nonirrigated land or 7.4 acres of irrigated land. Landowners, says the decree, may not retain more than 17.3 acres of land under cultivation.

Tenant farmers are required to pay for their newly acquired land in 15 annual installments, at a 6-percent interest rate. Land values are set at a level equivalent to 2½ times the value of the average harvest of 3 normal years preceding the decree. However, the Government guarantees payment with shares of stock in Government corporations. Tenants must also join a recognized farmers' cooperative, which also guarantees payment for the land.

Area covered by the program is estimated at about 4.9 million acres, of which 741,000 acres are cornland and the remainder ricelands. Current goals are to transfer ownership for the entire area to the tenants by July 1975. Some 1 million tenant farmers may be affected by the program.

How these measures will affect grain production during the next few years depends mainly on the implementation of the program.

The Government has indicated that it will provide inputs—credit and technical assistance—that were previously provided by landowners. However, if the Government is unable to provide these services adequately, or if landowners are uncertain of their positions and reduce inputs as a result, production in affected areas could fall slightly during adjustment to the program.

—Based on reports from

ROBERT B. EVANS

U.S. Agricultural Attaché, Manila

Pact With China Gives Mexico New Market for Farm Products

By JOHN E. LINK
Foreign Demand and Competition Division
Economic Research Service

SINCE development of Mexican semi-dwarf wheat varieties, Mexico has been a major supplier of improved seed to Asia. In an effort to expand its total trade with this area, Mexican President Luis Echeverría visited the People's Republic of China (PRC) in April 1973. While Echeverría was in China, the two countries signed a trade agreement covering the interchange of farm and industrial products.

This was the climax of a number of important events that had built up over the years, starting with the PRC's exposition in Mexico City in 1960.

In October 1971, a group of Mexican businessmen had toured China to try to increase trade in general and especially to promote direct trade between the two countries.

With President Echeverría's address to the United Nations, November 1, 1971, it was evident Mexico would soon grant diplomatic recognition to the PRC. The first step was taken on November 16, 1971, when Mexico terminated its relationship with the Republic of China (Taiwan).

After this, commercial activities began to pick up and in December 1971 an agreement was reached between the People's Bank of China and Mexico's National Foreign Trade Bank. This pact expedited and facilitated payment procedures between the two countries.

On February 14, 1972, the final step was taken and the Mexican Foreign Affairs Ministry in Mexico City announced Mexico and China had agreed to establish diplomatic relations and to exchange ambassadors.

President Echeverría's trip to China and programs of the Mexican Institute for Foreign Trade—the agency responsible for promoting Mexican exports—are among some of the recent steps taken by Mexico to diversify its trading pattern.

[1] *Anuario Estadístico del Comercio de los Estados Unidos Mexicanos, 1971.* The value includes reevaluation.

Regular trading had begun between Mexico and China in late 1971. By the end of calendar 1971, Mexico had exported over 50,000 bales (480 lb. net) of cotton to China, worth $8.3 million.[1] Before this, no direct trade between the two countries was registered.

Imports from China in 1971 amounted to only a few thousand dollars worth of mushrooms.

In 1972, Mexico's cotton exports to China were about 62,000 bales. Based on average 1972 prices for cotton, the value of exports in that year would have been about 40 percent higher than the 1971 figure.

> "Primary Mexican exports would be cotton, sulfur, and sugar; however, the agreement also permits grains, seeds, henequen, leather, fertilizer, and some industrial goods . . ."

Imports from China were nearly $1 million in 1972.

According to Mexican press accounts citing terms of the trade agreement signed in April 1973, Mexico will export $30 million worth of goods annually to China while importing $10 million from the PRC. Primary Mexican exports would be cotton, sulfur, and sugar; however, the agreement also permits grains, seeds, henequen, leather, fertilizer, and some industrial goods to be exported.

Quantities mentioned were 40,000 tons of cotton (about 180,000 bales), 150,000 tons of sulfur, and 100,000 tons of sugar. Principal Mexican imports would be rice, with the market open to future imports of animal skins and leather, wool, silk, chemical products, medicines, machinery, paper, and food products.

The agreement also provides for annual meetings between the countries to revise the list of products and for cultural, scientific, and technological exchanges.

Mexico's ability to meet the $30 million dollar export target will depend mainly upon available supplies of cotton and the availability of sugar in excess of U.S. quota requirements. The current situation suggests this target could be attained.

Early estimates of the 1973 cotton crop indicate production will be down. Assuming an increase in domestic consumption similar to last year and no changes in stocks, the quantity of cotton available for export would be about 180,000 bales below that of 1972. If this reduction were proportionally shared, Mexico could be expected to export about 69,000 bales to China in 1973, compared with 62,000 bales in 1972. Based on present prices for cotton that quantity would amount to $15 million.

Mexico is one of the world's leading exporters of sulfur. However, for the last few years production and exports of sulfur have been down. The quantity stated in the agreement (150,000 metric tons) represents about 25 percent of the average quantity of sulfur exported in 1971-72. This appears to be quite an increase to expect in one year. Assuming it is possible, and at an estimated $20 per ton, this would amount to only $3 million.

Present estimates indicate that 1973 sugar production should be up 333,000 metric tons, with stocks increasing by 103,000 tons. Domestic consumption continues to rise and will be about 137,000 tons above 1972's. Mexico's sugar exports continue to be determined essentially by the level of the U.S. quota. At current world market prices, sugar sales of only 60,000 tons to the PRC would be needed to put the total value of Mexican exports to that country at $30 million.

As for other Mexican products mentioned in the agreement, minor transactions if any, are expected to take place. Grain production in 1972 was down sharply and no substantial exports are expected in the near future.

While the precise level of Mexico's exports to China is uncertain it appears possible that the $30 million, specified under the agreement, could be attained in 1973.

INDIA'S 1972-73 COTTON CROP SLASHED BY LAST YEAR'S DROUGHT, QUALITY EXPECTED TO BE POOR

Although the arrival of the 1973 monsoon in June has probably alleviated the situation somewhat, a series of problems stemming from lack of water continue to plague India's cotton industry in the current year.

Last year's rain-short monsoon drastically reduced the size of the 1972-73 cotton crop. Below normal rainfull during the winter months has caused a reduction in the amount of impounded water for production of electricity and this is expected to cut cotton textile output and cause a short-term dislocation in cloth consumption patterns.

Pegged at 5.15 million bales (480 lb. net), 1972-73 cotton production is about 750,000 bales less than the record of a year earlier. Most trade sources believe the 1972-73 crop is of poor quality because of the drought. Particularly hard hit by the water shortage last year were Gujarat and Maharashthra, India's major cotton producing States.

Although the Government of India hoped to surpass the record 5.9-million-bale output of 1971-72, planted acreage went down slightly from the 18 million acres of that year, according to a recent area estimate by the Indian Ministry of Agriculture.

One bright spot in the otherwise somber production picture is the boost in output of longer-staple cotton. Reported at 720,000 bales, the 1972-73 crop is considerably higher than the 390,000 bales of 1971-72. Cotton stapling 1 1/32-inch or better in 1972-73 is estimated at 1.23 million bales, compared with 1.2 million last year.

India's policy is to encourage domestic cotton production so as to reduce dependence on imports, and to aid domestic textile output with an eye toward increasing cloth exports. However, lack of electric power throughout most of the country this year has cut into cloth output and will force a reduction in domestic use.

During 1971-72 (August-July) total consumption of cotton was 5.5 million bales.

Long-staple cotton from Egypt, Sudan, and East Africa is being processed by Indian mills and will help relieve the current cloth shortage. Indian mills are also spinning long-staple cotton from the Soviet Union, with the finished product being shipped back to the USSR. Current agreement provides for 92,000 bales to be spun into thread annually for 5 years.

Raw cotton imports in 1971-72 totaled 577,000 bales, compared with 745,000 bales during the same August-July period the previous season. The major supplier in 1971-72 was Sudan with 181,000 bales, representing nearly one-third of total imports. Following were the United States with 144,000 bales, Kenya with 90,000 bales, and the United Arab Republic with 67,000 bales. Imports from these four countries represented 83.6 percent of total imports. (India's imports from Kenya represent transshipments of Ugandan cotton through Kenya.)

Imports during 1972-73 are not expected to exceed 408,000 bales, a drop of 29 percent from those of 1971-72, because of a sharp jump in the duty on cotton imports. Sudan, which had formerly been India's largest supplier, upped its prices recently and now is expected to supply less than the 245,000 bales provided for under the Indo-Sudanese trade agreement for 1973.

In 1971-72, exports of raw cotton totaled 165,000 bales, compared with 137,000 bales during the previous season. Japan continued to be India's largest customer with purchases of 114,000 bales which represented 69 percent of total cotton exports. Exports to the United States were 12,000 bales; 10,000 bales went to Bangladesh.

Current trade estimates place 1972-73 cotton exports at 200,000 bales. Of this total, 60,000 bales are reportedly destined for Bangladesh.

—Based on a dispatch from
OLDRICH FEJFAR
U.S. Agricultural Officer, Bombay

FAO SEES SLIGHT RISE IN WORLD MEAT OUTPUT

World production of the four major types of meat—beef, poultry, mutton and lamb, and pork—was only about 1 percent higher in 1972 than in 1971, when growth was 3.8 percent. This resulted in unfilled demand and sharp price increases, according to a recent report of the Food and Agriculture Organization. The small production increase in 1972 was because of a record 16.4-million-ton-poultry outturn.

The report to an intergovernmental group on meat of the FAO Committee on Commodity Problems put total 1972 production of beef, poultry, mutton and lamb, and pork at 90.5 million tons. It noted that the principal shortfall was in red meat production, but also pointed out the slow expansion of beef producion was accompanied by a faster increase in world cattle numbers than occurred in 1971.

There was a substantial recovery in cattle numbers in Western Europe, after 2 years of virtual stagnation, mostly because of an increase of about 2 million head, or 2.8 percent, in the nine member countries of the European Community. Cattle numbers rose faster in North America, Australia, Argentina, and New Zealand.

There was a significant increase in Eastern Europe while expansion in the Soviet Union apparently slowed down.

The prolonged drought in large areas of Africa, especially in the Sahelian Zone, caused heavy cattle losses.

The meat shortage was aggravated by decreased mutton and lamb production in several importing and exporting countries, where flocks were being built up. For the first time since 1969, world sheep numbers are estimated to have reached 1.05 billion head, up by 1.6 percent over 1971. High wool prices and good prospects for mutton were primarily responsible for the expansion.

Overall stagnation of pork output also contributed to the general red meat shortage. World hog numbers are estimated to have declined slightly, mainly because of substantial reductions in the USSR and the United States. World pork production remained practically unchanged in 1972.

CROPS AND MARKETS

TOBACCO

Greece Enters Trade Agreement With People's Republic of China

Greece recently announced the signing of a 1-year trade agreement with the People's Republic of China. The pact lists tobacco as a likely item for export by Greece to China and although tobacco is not listed as a reciprocal Chinese export to Greece, the possibility of bilateral tobacco trade is not precluded.

The agreement includes the mutual granting of most-favored-nation status, automatic renewal, a US$10-million annual limit on exports, and provides for a US$1-million dollar credit line for either party. Financial arrangements are to be handled by "clearing accounts" at both the Bank of China and the Bank of Greece with the U.S. dollar as the accounting unit.

Australia Announces Tobacco Research Funding

Australia's Minister for Primary Industry recently approved the allocation of US$1,331,706 from the Tobacco Industry Trust Account to finance tobacco research and extension work for fiscal 1974. The research will cover a wide range of projects including plant nutrition, production practices, disease and pest control, mechanization, plant breeding, leaf quality, and nicotine accumulation studies.

The Tobacco Industry Trust Account was established in 1955 and finances operation of the Australian Tobacco Board in addition to funding tobacco research and extension work. The Account is financed by levies of 0.71 and 1.42 U.S. cents per pound paid by growers and manufacturers, respectively, on the sale and purchase of tobacco leaf. The funds raised by these levies are matched by the Commonwealth Government and supplemented by contributions from the three tobacco producing States, New South Wales, Victoria, and Queensland.

COTTON

U.S. Textile Imports Down 5 Percent in 1973

Based on data for the first 5 months of 1973, U.S. imports of cotton, wool, and manmade fiber textiles are projected at about 6 billion square yards for the year. This represents a drop of about 5 percent from 1972 levels. While cotton textile imports are down from last year's levels by about 10 percent, manmade fiber textile imports show only a 5-percent reduction, with manmade fiber apparel actually registering gains.

Imports from the major suppliers of the Far East have shown greater-than-average declines, but several other countries marked up sharp advances. Imports of cotton textiles from the People's Republic of China have expanded from less than a million yards a year ago to over 32.5 million yards in the 12-month period ending in May. Some countries, having cotton textile agreements with the United States, have registered very large increases in manmade fiber textile exports, particularly Thailand, Singapore, and the Philippines. Macao's manmade fiber textile exports are now over 30 million square yards, compared with less than 1 million in 1971.

The value of U.S. cotton, wool, and manmade fiber textile imports in the first 5 months of 1973 was up from the same period of 1972, and the textile trade deficit increased by 7 percent.

SUGAR AND TROPICAL PRODUCTS

World Cocoa Grindings Continue at High Levels

Grindings of cocoa beans by major consuming countries during the first half of 1973 continue at high levels despite record high cocoa bean prices.

U.S. cocoa bean grindings during the first half of 1973 totaled 151,274 metric tons, up 4 percent over the similar 1972 period when grindings amounted to 145,423 tons. The West German grind totaled 80,537 tons, up 20 percent over January-June 1972 grindings of 66,998 tons.

The Netherlands grind for the same period rose slightly to 64,360 tons, compared with 62,930 tons a year earlier. The U.K. grind also was higher, totaling 57,302 tons, a gain of 24 percent over year-ago levels of 46,228.

Some Suppliers Reduce Honey Exports

Smaller honey exports from several important sources are foreseen for the current marketing year.

Canadian production is expected to increase in 1973 because of greater colony numbers. Exportable supplies, however, are smaller because of reduced carryover stocks, the result of record exports in recent years. Adverse weather depressed Argentine and Australian output in the crop year just ended. Mexican production is expected to fall off slightly in 1973, because of poor conditions in the Yucatan.

Brazil Approves Second Phase Of Tree-Planting Program

The National Monetary Council has approved the second phase of Brazil's coffee-planting program aimed at stimulating the planting of 245 million new coffee trees in 1973-74. This action means US $215 million will be allocated for: Production of seedlings, tree plantings, pruning of existing trees, and purchase of fertilizers, insecticides, and fungicides.

The Brazilian Coffee Institute granted financing for planting 355 million new coffee trees during the 1972-73 crop year. Thus, the original 3-year plan to plant 600 million new coffee trees will now be completed in 2 years, while the 3-year objective has subsequently been raised to planting 900 million new coffee trees.

Malagasy Republic Spice Exports

Exports of black pepper from the Malagasy Republic in 1972 totaled a record 9 million pounds, more than triple 1971 shipments. Vanilla exports were at near-record levels, amounting to 2.68 million pounds, compared with 1971 exports of 2.56 million.

However, exports of both cloves and cinnamon were lower. Clove exports declined to 13.5 million pounds from 16.5 million the year before, and cinnamon exports dropped slightly to 1.46 million pounds from 1.53 million.

The Malagasy Republic is the largest supplier of vanilla and cloves to the U.S. market. In 1972, U.S. imports of vanilla and cloves from the Republic amounted to $10 million and $3 million, respectively.

GRAINS, FEEDS, PULSES, AND SEEDS

Botswana's Import Requirements

Botswana's average annual grain consumption level of 100,000 metric tons is to be met in 1973 by an import increase to 90,000 metric tons of soybeans, sorghum, maize, wheat, and millet. Serious drought necessitated the increase from former average import levels of 30,000-40,000 metric tons.

Rotterdam Grain Prices and Levies

Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	Aug. 7	Change from previous week	A year ago
	Dol. per bu.	*Cents per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 1 CWRS-14	5 07	+45	2.06
USSR SKS-14	(1)	(1)	(1)
Australian FAO [2]	(1)	(1)	1.88
U.S. No. 2 Dark Northern Spring:			
14 percent	4.80	+49	1.94
15 percent	(1)	(1)	2.03
U.S. No. 2 Hard Winter:			
13.5 percent	4.77	+50	1.85
No. 3 Hard Amber Durum	(1)	(1)	1.95
Argentine	(1)	(1)	(1)
U.S. No. 2 Soft Red Winter	(1)	(1)	(1)
Feedgrains:			
U.S. No. 3 Yellow corn	3.68	+16	1.50
Argentine Plate corn	3.92	+ 2	1.72
U.S. No. 2 sorghum	3.43	+13	1.50
Argentine-Granifero sorghum	3.40	+12	1.52
U.S. No. 3 Feed barley	3.01	+19	1.29
Soybeans: [3]			
U.S. No. 2 Yellow	8.76	−19	3.76
EC import levies:			
Wheat [4]	[5] .12	−61	1.82
Corn [6]	[5] .14	−20	1.22
Sorghum [6]	[5] .36	−13	1.23

[1] Not quoted. [2] Basis c.i.f. Tilbury, England. [3] New crop. [4] Durum has a separate levy. [5] Levies applying in original six EC member countries. Levies in U.K., Denmark, and Ireland are adjusted according to transitional arrangements. [6] Italian levies are 18 cents a bu. lower than those of other EC countries.

Note: Price basis 30- to 60-day delivery.

USDA Reports Export Sales of Grain Some Oilseeds, Oils, and Meals

Based on information received by the U.S. Department of Commerce, USDA reports anticipated export sales of grains, certain oilseeds, vegetable oils, and meals, as of July 13, 1973.

This information, as reported by U.S. exporters under Export Control Bulletins 84(a) and 87 will be summarized each week under a cooperative arrangement between the Departments of Agriculture and Commerce.

ANTICIPATED EXPORTS IN INDICATED MARKETING YEAR [1] OF GRAIN, SOME OILSEEDS, AND MEAL, As of July 13, 1973

[In thousands of metric tons]

Commodity	1972-73	1973-74	1974-75
Wheat, totals	909	24,842	498
Hard Red Winter	573	16,837	367
Soft Red Winter	83	290	0
Hard Red Spring	118	4,344	93
White	27	1,599	1
Durum	107	1,691	36
Mixed	0	81	0
Barley, unmilled	93	1,983	0
Rye, unmilled	165	344	0
Oats, unmilled	17	711	0
Corn, except seed, unmilled	10,484	23,371	94
Grain sorghum, unmilled	1,920	2,651	0
Rice	307	307	4
Soybeans	1,845	13,841	234
Soybean cake and meal	1,797	5,094	1
Cottonseed, cottonseed cake, and meal	33	12	0
Soybean oil	82	96	0
Cottonseed oil	20	3	0

[1] Data shown for the 1972-73 marketing year cover the period from July 13, 1973, until the end of the current marketing year. Marketing years for wheat, barley, rye, and oats run from July 1 to June 30; for rice—Aug. 1 to July 31; for corn, grain sorghum, soybean and cottonseed meal, and soybean and cottonseed oil—Oct. 1 to Sept. 30; and for soybeans—Sept. 1 to Aug. 31.

Australia Puts Wheat Area At 23.6 Million Acres

Australia's Bureau of Census and Statistics estimates area planted to wheat for all purposes at 23.6 million acres, up from 19.6 million in 1972-73 and just under the record 24.1 million in 1969-70. In the latter year 616,000 acres were planted to wheat for hay and green feed. Accordingly, the area of wheat for grain should be about 23 million acres in 1973-74.

With a projected yield of 18 bushels per acre, this would produce a crop of 414 million bushels.

FATS, OILS, AND OILSEEDS

Reduced Rainfall Cuts Philippine Copra, Oil Exports

Exports of copra and coconut oil from the Philippines during January-June 1973 totaled 487,700 metric tons (oil basis), or 8 percent below the 522,400 tons exported during the first

half of 1972. The decline resulted from reduced rainfall which will continue to be reflected in falling exports well into 1974. The drop in exports in the second half of 1973 is expected to be substantially greater than that experienced during the January-June period.

A 200,000-ton decline in Philippine exports of copra and coconut oil (oil basis) is projected for calendar 1973. The expected reduction is equal to the oil fraction of about 42 million bushels of soybeans.

Argentine Sunflower Output Larger Than Last Year's

This year's Argentine sunflowerseed crop is now estimated at 880,000 metric tons, compared with the final 1972 crop estimate of 828,000 tons. Forty thousand tons above the previous estimate, the 6-percent increase in output reflected an 11-percent boost in acreage.

The sunflowerseed oil export duty has been raised to 37 percent from 10 percent. This effectively bans further sunflowerseed oil sales abroad.

Sunflowerseed oil exports this season are estimated at 50,000 to 55,000 metric tons.

FRUIT, NUTS, AND VEGETABLES

Taiwan's Pineapple Output Expected To Surpass 1972's

Taiwan expects 1973 canned pineapple production to exceed that of 1972, but to remain considerably below the 1971 level. The 1973 pack is forecast at 3.2 million standard cases, 6 percent above the 1972 pack of 3 million cases, but 28 percent below 1971's. Reports indicate that inability of canners to bid high enough for raw fruit in competition with fresh fruit exporters has been ho'ding back canned production.

A recent Government ruling restricting export of fresh pineapple to fruit with crowns is expected to help alleviate canning fruit supply problems.

Spanish Apple Output Down, Pear Crop Estimate Higher

April frosts have lowered the estimate of Spain's 1973 apple crop to 600,000 metric tons, a 14-percent drop from the previous year. The forecast for pear production, 425,000 metric tons, represents an increase of 5.4 percent over 1972's crop, a reflection of anticipated higher yields and increased plantings coming into production.

Apple exports are expected to remain at 1972's level of 150 metric tons, while pear exports are predicted to increase about 15 percent to 17,000 tons. Domestic consumption of apples and pears, especially fresh, is expected to reach new highs in 1973.

EC Announces Subsidy Changes

The EC Commission, effective July 21, 1973, deleted shelled almonds and added tomatoes to the list of continued export subsidies for fresh fruits and nuts reported earlier. (See *Foreign Agriculture*, July 16, 1973.) In addition the export subsidy for peaches was increased from 4 units of account[1] to U.A.6 per 100 kg. (220.4 lb.). An export subsidy of U.A.4 per 100 kg. was established for tomatoes of Quality Classes Extra, I, and II, exported to Austria.

[1] U.A.1 = US$1.20635.

Greek Vine Crop Prospects Dampened by High Heat

The Greek Ministry of National Economy and the Agricultural Bank report that extremely high temperatures during July 19-21 adversely affected 1973 vine crops on Crete and in the Peloponnesus Prefecture. Irrigated crops were not affected by the heat wave.

Preliminary estimates are as follows:

Kind and location	Amount of crop damage
	Percent
Sultanas	
Iraklion[1]	20-25
Chania[1]	25
Corinth[2]	20
Currants	
Corinth[2]	5-20
Table grapes	
Chania[1]	15
Corinth[2]	25
Wine grapes	
Iraklion[1]	25
Chania[1]	40
Corinth[2]	20-40
Calamata[2]	20-50

[1] Crete. [2] Peloponnesus Prefecture.

1973-74 EC Reference Prices for Apples, Pears, and Lemons

The following reference prices were established by the EC Commission on July 16, 1973, for fresh apples, pears, and lemons imported into the enlarged Community during the 1973-74 season. Current reference prices are generally 10-20 percent above those applicable in 1972-73.

EC REFERENCE PRICES, 1973-74, FOR APPLES, PEARS, AND LEMONS
[In EC units of account[1] per 100 kg.]

Month	Apples			Pears	Lemons
	Varietal group I[2]	Varietal group II[3]	Varietal group III[4]		
July	15.9	—	—	—	23.3
Aug.	13.5	—	—	16.7	24.5
Sept.	14.5	13.4	8.3	13.4	24.9
Oct.	14.6	12.3	8.7	13.3	22.1
Nov.	15.2	12.3	8.8	14.3	19.4
Dec.	15.9	12.5	9.0	15.4	17.6
Jan.	17.1	12.8	9.3	16.5	18.1
Feb.	18.5	13.9	10.1	17.1	18.9
Mar.	19.3	14.6	10.3	17.2	18.5
Apr.	20.2	16.1	10.6	17.2	19.0
May	20.9	16.1	11.0	17.2	19.7
June	22.2	—	—	—	20.1

[1] U.A.1 = US$1.20635. [2] Yellow Transparent (Transparente Jaune Klarapfel), James Grieve, Gravensteiner, Golden Delicious, Cox's Orange Pippin, Stark Delicious, Rouges Americaines, Ingrid Marie, Reinette du Canada, Belle de Boskoop, Miller's Seedling, Tydemans Early, Worcester Pearmain, and mutations of these varieties. [3] Reine des Reinettes (Goldparmane), Glockenapfel, Jonathan, Imperatore (Morgenduft), Grenadier, Lord Derby, Lord Lambourne, and mutations of these varieties. [4] Abbondanza (Belfort), Horneburger, Bramley's Seedling, and mutations of these varieties.

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FOREIGN COTTON CONSUMPTION SHOWS STEADY RISE

Continued from page 6

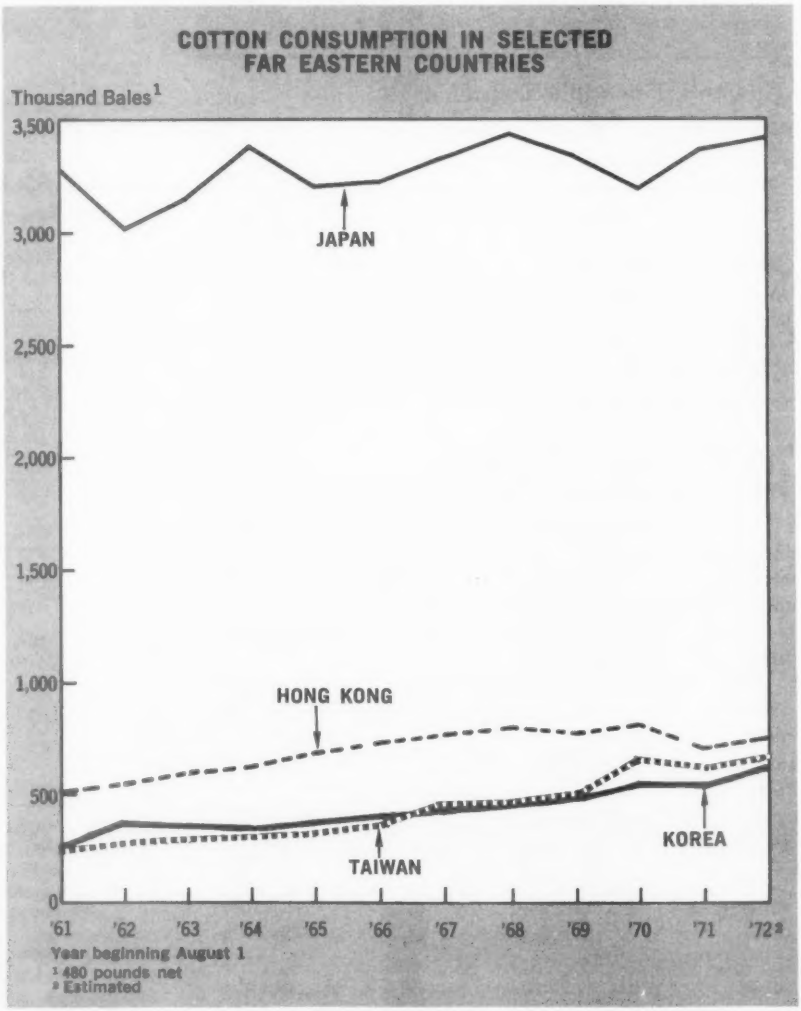
plus side, however, international currency realinements that have occurred since 1971 have improved cotton's position relative to manmade fibers produced in Europe and Japan. Also, the current petroleum shortage may have a greater adverse effect on production of manmade fiber than on cotton.

Manmade fiber competition with cotton varies markedly among countries. In Portugal and some of the fast growing cotton markets in the Far East, manmade fibers are new to the marketplace and account for a relatively small proportion of total fiber consumption.

At the other extreme are most of the countries of Western Europe and Japan, where manmade fibers are well entrenched and account for a large and rising share of total fiber requirements.

Cotton's ability to meet this competition will be an important factor in the level of U.S. exports in the years ahead. Vigorous market development programs for cotton, such as those now being conducted in foreign importing countries by the International Institute of Cotton and the Cotton Council International, are essential if cotton is to maintain its competitive position with manmade fibers.

With continued strong market development efforts and production policies that provide adequate supplies of quality cotton at competitive prices, U.S. cotton should be able to meet domestic needs and look forward to a healthy export trade.



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